

MIAMI-DADE COUNTY, FLORIDA
GENERAL SEGMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1998

Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-1 U. S. Department of Health and Human Services:	CFDA #14.235	<p><u>Criteria:</u></p> <p>In accordance with the Office of Management and Budget (OMB) Circular A-87, appropriate documentation from subrecipients is required to support costs charged and reimbursed through a federal grant.</p> <p><u>Condition:</u></p> <p>During our subrecipient monitoring testwork, we noted that payroll and related costs are included as part of the monthly reimbursement requests submitted by various Miami-Dade County Department of Homeless Trust (MDHT) subrecipients. The supporting documentation for these costs consists of worksheets detailing the different individuals working at the subrecipient facilities, their gross wages, and the extended payroll costs associated with their labor. Timesheets and other subrecipient employee information is not included as part of the reimbursement request and therefore MDHT must wait until the year end audit to verify the correctness and validity of payroll expenses charged by the subrecipient.</p> <p><u>Questioned Costs:</u></p> <p>None.</p> <p><u>Perspective:</u></p> <p>The finding is considered systematic in nature.</p> <p><u>Effect:</u></p> <p>Payroll expense reimbursements to the subrecipients could be overstated. MDHT may not note exceptions during their yearly audits of the subrecipients, however, at that time recovering costs may be too late.</p>

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Item 98-1 U. S. Department of Health and Human Services:	CFDA #14.235	<p><u>Recommendation:</u></p> <p>We recommend MDHT request timesheets from their subrecipients to ensure the payroll costs charged to the grant are appropriate.</p> <p><u>Management's Response:</u></p> <p>MDHT agrees with the finding and shall establish a procedure whereby subrecipients will include copies of timesheets for all employees for which reimbursement is requested.</p>

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Item 98-2 U. S. Department of Health and Human Services:	CFDA #14.235	<p><u>Criteria:</u></p> <p>OMB Circular A-133 requires that equipment records be maintained, a physical inventory of equipment be taken at least once every two years, and tags be placed on equipment in order to maintain appropriate controls and to safeguard the assets against theft or unauthorized use.</p> <p><u>Condition:</u></p> <p>During our audit of the grant we noted MDHT does not have a system in place to account for and track equipment purchased by MDHT and/or by subrecipients.</p> <p><u>Questioned Costs:</u></p> <p>Undetermined.</p> <p><u>Perspective:</u></p> <p>The finding is considered systematic in nature.</p> <p><u>Effect:</u></p> <p>By not exercising adequate control over equipment acquisitions, there is no process to verifying that assets in fact exist and are properly safeguarded and accounted for.</p> <p><u>Recommendation:</u></p> <p>MDHT should require a list of inventory purchases from all subrecipients, perform a physical observation of the assets on a yearly basis at subrecipient sites and within the department, and place tags on equipment purchased in order to provide adequate control over assets. All property purchased with grant funds should also be identified as federal property.</p> <p><u>Management's Response:</u></p> <p>During the year MDHT implemented a system to track assets purchased by the Trust and its subrecipients. However, the system currently is not totally operational and is being enhanced to provide better controls for tracking assets.</p>

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-3 U. S. Department of Justice	CFDA #16.579	<p><u>Criteria:</u></p> <p>The Local Law Enforcement Block Grant (LLEBG) requires that financial status and program progress reports be submitted within 45 and 30 days (respectively) of the end of the reporting period.</p> <p><u>Condition:</u></p> <p>During our testwork we noted that three of the four quarterly financial reports and both six-month progress reports were submitted after the due date.</p> <p><u>Questioned Costs:</u></p> <p>None.</p> <p><u>Perspective:</u></p> <p>The finding is considered systematic in nature.</p> <p><u>Effect:</u></p> <p>The County is not in compliance with the reporting requirements as outlined in the grant agreement.</p> <p><u>Recommendation:</u></p> <p>We recommend procedures be established to ensure reports are filed on a timely basis as required by the grant.</p> <p><u>Management's Response:</u></p> <p>The Miami-Dade Police department (MDPD) concurs with the finding. A new position, Accountant III, has been added to the Department Table of Organization to assist in financial matters and timely submission of reports.</p>

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-4 Federal Transit Administration	CFDA #20.507	<p><u>Criteria:</u></p> <p>The Federal Transit Administration requires grantees to submit a "Disadvantaged Business Enterprise (DBE) Report" on a quarterly basis no later than 45 days after the end of each quarter.</p> <p><u>Condition:</u></p> <p>During the course of our testwork we noted the Miami-Dade Transit Authority (MDTA) had not filed DBE reports during fiscal year 1998.</p> <p><u>Questioned Costs:</u></p> <p>None.</p> <p><u>Perspective:</u></p> <p>The finding is considered systematic in nature.</p> <p><u>Effect:</u></p> <p>The County is not in compliance with the reporting requirements of the grant.</p> <p><u>Recommendation:</u></p> <p>We recommend that MDTA establish a procedure whereby the reports are filed in a timely manner.</p> <p><u>Management's Response:</u></p> <p>Management concurs with the finding and shall implement procedures to file the DBE report on a more timely basis.</p>

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-5 Federal Transit Administration	CFDA #20.507	<p><u>Criteria:</u></p> <p>OMB Circular A-133 requires that funds must be expended only for the approved and allowable activities and that individual transactions must be properly classified and accumulated.</p> <p><u>Condition:</u></p> <p>During the course of our testwork we noted an expenditure for rail preventive maintenance in the amount of \$3,733,600 charged to the grant. The expenditure was not budgeted and consequently should not have been charged to the federal program.</p> <p><u>Questioned Costs:</u></p> <p>None.</p> <p><u>Perspective:</u></p> <p>The finding is considered to be an isolated instance.</p> <p><u>Effect:</u></p> <p>In the event that MDTA cannot obtain retroactive approval for this item, the granting agency may seek to recover the \$3,733,600.</p> <p><u>Recommendation:</u></p> <p>We recommend that MDTA obtain retroactive approval for rail maintenance by revising the original budget submitted to the Federal Transit Agency.</p> <p><u>Management's Response:</u></p> <p>Management concurs with the finding. The original grant budget was retroactively approved by the Federal Transit Administration on March 16, 1999 to include \$3,733,600 for rail preventive maintenance.</p>

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-6 U.S. Department of Housing and Urban Development	CFDA #14.239	<p><u>Criteria:</u></p> <p>Per OMB Circular A-133, federal grantees involved in construction activities must ensure that the contractors they employ are providing the prevailing wages for those employees that work on the related construction projects.</p> <p><u>Condition:</u></p> <p>During the course of our testwork, we selected 25 employees for testing and noted two instances in which the related files did not contain the Department of Labor (DOL) wage determination sheet required to ensure the prevailing wages are being paid. Additionally there was no evidence that further work was performed to determine a prevailing wage for the activity being performed.</p> <p><u>Questioned Costs:</u></p> <p>None.</p> <p><u>Perspective:</u></p> <p>The finding is considered to be an isolated instance.</p> <p><u>Effect:</u></p> <p>The County is not in compliance with the requirements of the Davis Bacon Act.</p> <p><u>Recommendation:</u></p> <p>We recommend the County establish a procedure to ensure that prevailing wages are paid to all people covered under the Davis Bacon Act taking into account that not all job activities are listed in the DOL wage determination schedules.</p> <p><u>Management's Response:</u></p> <p>Management concurs with the finding and has established a procedure to ensure that the County is in full compliance with the Davis Bacon Act relative to job activities not listed in the DOL wage schedules.</p>

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-7	CFDA #14.239	
U. S. Department of Housing and Urban Development:	M-92-UC-12-0202 M-93-UC-12-0202 M-94-UC-12-0202	<u>Criteria:</u>
Home Investment Partnership Program	M-95-UC-12-0202 M-96-UC-12-0202 M-97-UC-12-0202 M-92-DA-12-0250 M-93-DA-12-0250	In accordance with OMB Circular A-87, salaries and wages of employees who work on multiple activities and cost objectives must be supported by personnel activity reports or equivalent documentation. These personnel activity reports must reflect an after-the-fact description of the actual activity and must account for the total activity of each employee. The personnel activity report should be prepared at least monthly and signed by the employee.
		<u>Condition:</u>
		During the fiscal year 1997 audit we noted the Office of Community and Economic Development ("OCED") did not have a system in place to allocate salaries and wages of employees who work on multiple grant programs. Salaries and wages were charged to the HOME program based on the annual appropriation and were not supported by personnel activity reports. The condition noted in fiscal year 1997 was not corrected until August of 1998 and therefore the same condition existed for the majority of fiscal year 1998.
		<u>Questioned Costs:</u>
		\$1,224,671
		<u>Perspective:</u>
		The finding is considered systemic in nature.
		<u>Effect:</u>
		Salaries and wages may be unallowable if the expenditures are not based upon the actual activity of an employee.

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-7	CFDA #14.239	
U. S. Department of Housing and Urban Development:	M-92-UC-12-0202 M-93-UC-12-0202 M-94-UC-12-0202	<u>Recommendation:</u>
Home Investment Partnership Program	M-95-UC-12-0202 M-96-UC-12-0202 M-97-UC-12-0202 M-92-DA-12-0250 M-93-DA-12-0250	As required by OMB Circular A-87, personnel activity reports or equivalent documentation should be prepared and meet the following standards: <ul style="list-style-type: none"> * reflect an after-the-fact distribution of the actual activity of each employee; * account for total activity for which each employee is compensated; * prepared at least monthly and must coincide with one or more pay periods; and * must be signed by the employee.
		<u>Management's Response:</u>
		As of August 1, 1998, OCED is having each employee sign a sheet as to how many hours they worked on each grant. This will bring us into compliance with Circular A-87.

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-8	CFDA #14.218	
U. S. Department of Housing and Urban Development:	B-93-UC-12-0006 B-94-UC-12-0006 B-95-UC-12-0006	<u>Criteria:</u>
Community Development Block Grants/Entitlement Grants	B-96-UC-12-0006 B-97-UC-12-0006	In accordance with OMB Circular A-87, salaries and wages of employees who work on multiple activities or cost objectives must be supported by personnel activity reports or equivalent documentation. These personnel activity reports must reflect an after-the-fact description of the actual activity and must account for the total activity of each employee. The personnel activity report should be prepared at least monthly and signed by the employee.
		<u>Condition:</u>
		During our fiscal year 1997 audit, we noted the Office of Community and Economic Development ("OCED") did not have a system in place to allocate salaries and wages of employees who work on multiple grant programs. Salaries and wages were charged to the HOME program based on the annual appropriation and were not supported by personnel activity reports. The condition noted in fiscal year 1997 was not corrected until August of 1998 and therefore the same condition existed for the majority of fiscal year 1998.
		<u>Questioned Costs:</u>
		\$4,113,506
		<u>Perspective</u>
		The finding is considered systemic in nature.
		<u>Effect:</u>
		Salaries and wages allocated to federal programs may be unallowable if the expenditure is not based upon the actual activity of an employee.

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-8	CFDA #14.218	
U. S. Department of Housing and Urban Development:	B-93-UC-12-0006 B-94-UC-12-0006 B-95-UC-12-0006	<u>Recommendation:</u>
Community Development Block Grants/Entitlement Grants	B-96-UC-12-0006 B-97-UC-12-0006	As required by OMB Circular A-87, personnel activity reports or equivalent documentation should be prepared and meet the following standards: <ul style="list-style-type: none"> * reflect an after-the-fact distribution of the actual activity of each employee; * account for the total activity for which each employee is compensated; * prepared at least monthly and must coincide with one or more pay periods; and * must be signed by the employee.
		<u>Management's Response:</u> As of August 1, 1998 OCED is having each employee sign a sheet as to how many hours they have worked on each grant. This will bring us into compliance with Circular A-87.

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-9 U. S. Department of Housing and Urban Development:	CFDA# 14.859	<p><u>Criteria:</u></p> <p>The Agency policies and procedures require proper controls over the accounting function, records, and information.</p> <p><u>Condition:</u></p> <p>During our testing of cash receipts, we noted that the monthly bank reconciliations did not reconcile to the general ledger. In addition, there was no evidence of review of the bank reconciliations.</p> <p><u>Questioned Costs:</u></p> <p>None.</p> <p><u>Perspective:</u></p> <p>Deposits are made to the bank accounts of the Agency from numerous locations. Some of these deposits do not agree to the rent deposit documentation submitted to the Agency for recording in the general ledger.</p> <p><u>Effect:</u></p> <p>Cash balances may be incorrect and bank reconciliations may not identify errors in cash balances.</p> <p><u>Recommendation:</u></p> <p>We recommend that the Agency develop procedures for the preparation and review of bank reconciliations. We also recommend that bank reconciliations be reviewed and approved by supervisory personnel.</p> <p><u>Management's Response:</u></p> <p>Although the monthly cash differences between the bank reconciliation and the general ledger were immaterial in amount, management recognizes that there should be no differences at all. The immaterial amounts ranged from \$10,000 to \$30,000 per month, compared to an average monthly cash balance of \$4 million for the public housing</p>

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-9 U. S. Department of Housing and Urban Development: Per Watson Rice LLP Single Audit Report, Item IC-1	CFDA# 14.859	<p><u>Management's Response (Continued):</u></p> <p>division only. Major reasons for these unreconciled amounts relate to the following issues that are being addressed with public housing's decentralized rent collection process.</p> <p>a) Some deposits in transit per the site managers often do not reach the bank at all, which causes the bank's balance to be less than that reported in the general ledger.</p> <p>b) Some deposits are entered into Creative Computer Solution ("CCS") at the sites with a deposit date (either the month or year) that is different from the actual date that the money was deposited to the bank. This causes the bank statement to report more cash than that shown in the general ledger for the month being reconciled.</p> <p>c) When a resident's check is returned from the bank due to insufficient funds or a closed account, the site managers must charge that check back to the resident's account, and add a \$25 insufficient funds ("NSF") fee. Instead of the managers crediting revenue for this NSF fee, the entry has been a decrease to cash for \$25 and an increase in the resident's accounts receivable for \$25. This entry created an understatement of cash in the general ledger, as compared to the bank statement. The Management Information Systems ("MIS") department will create a specific transaction code for use by the sites, in order to correctly reflect the NSF fees.</p> <p>d) Under the direct deposit method of collecting rent, the cash amount due from such residents is posted automatically in the CCS by the 10th of each month. This is done as a result of an agreement with First Union Bank to take the monthly rent directly from the resident's bank account, and increase the Agency's cash account. Whenever the bank is unable to take cash from some residents' account, due to technical glitches, this causes the general ledger to report more cash than shown on the bank statement.</p> <p>In addition to correcting these discrepancies in cash receipts, management has addressed the auditor's condition regarding review of bank reconciliations by ensuring that preventative measures are in place by having the monthly bank reconciliations, including bank statements, reviewed more thoroughly by the senior accountant II or the chief accountant and then signed by the reviewer before it is filed.</p>

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-10 U. S. Department of Housing and Urban Development:	CFDA# 14.850 CFDA# 14.857 CFDA# 14.859	<p><u>Criteria:</u></p> <p>U.S. HUD's requirements and the Agency's policies and procedures require that the proper documentation of transactions and the maintenance of supporting documentation for decisions relative to beneficiaries.</p> <p><u>Condition:</u></p> <p>During the testing of the Public Housing and Private Rental Housing programs, it was noted that tenant and project files did not include required and/or adequate documentation. The areas where documentation was not included are as follows:</p> <p>(1) For the occupancy and leasing program, it was noted that nine of the thirty one files examined were missing copies of signed applications and seven of those files were missing copies of independent third party verification of expected family income.</p> <p>(2) For the Private Rental Housing Program, it was noted that one of the seventeen tenant files examined was missing certificates of rent reasonableness which is required by U.S. HUD. In addition, for the certificate/voucher program, it was noted that one tenant file was missing the certificate of income.</p> <p><u>Questioned Costs:</u></p> <p>None</p> <p><u>Perspective:</u></p> <p>Non-compliance with U.S. HUD's requirements and with the Agency's policies and procedures.</p> <p><u>Effect:</u></p> <p>A lack of proper documentation and non-compliance with U.S. HUD's and Agency's requirements could lead to the loss of funding and the possibility that transactions are executed without management's authorization.</p>
Per Watson Rice LLP Single Audit Report, Item C-1		

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-10 U. S. Department of Housing and Urban Development:	CFDA# 14.850 CFDA# 14.857 CFDA# 14.859	<u>Recommendation:</u>
Per Watson Rice LLP Single Audit Report, Item C-1		<p>Management should insist on strict adherence to U.S. HUD's requirements and the Agency's policies and procedures for the documentation of transactions and activities in the Public Housing and Private Rental Housing Programs.</p> <p><u>Management's Response:</u></p> <p>(1) Regarding the nine files examined at the Occupancy and Leasing Office that were missing signed applications, it is the Agency's policy to transfer these files to the sites' management office, once the resident is placed in a unit. Should the resident be transferred to another site location, it is the Agency's policy that the original file be transferred to the new site with the resident.</p> <p>In reviewing this finding, management obtained the current site and unit location of the nine residents, and found that their original applications were not available since they were filled out from over 10 to 28 years ago. Management is currently working on a procedure to have all signed applications scanned by laser, and stored in a microfile retrieval system. This will greatly enhance the Agency's ability to maintain supporting documentation.</p> <p>(2) In the case of the first tenant file, the tenant was in the process of a change of dwelling to move into a new unit. The rent reasonableness certificate was not in the file due to the fact that the paperwork was completed but pending review by a supervisor when the file was pulled for the audit.</p> <p>In the second tenant file, there was an interim rent adjustment. The tenant came into the office on February 4, because the child support she had been receiving stopped. Her income went down with an effective date of February 1. If a tenant comes to the office before the 15th of the month and the tenant portion is lowered, the effective date is retroactive to the first of the month.</p>

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-11 U. S. Department of Housing and Urban Development:	CFDA# 14.859	<p><u>Criteria:</u></p> <p>The Department of Labor (40 USC 276a to 276a-7) of the United States require that contractor's wages relating to federal funded projects be in compliance with the Davis Bacon Act. In addition, U.S. HUD guidelines require documentation of compliance with the Act and U.S. HUD wage rates.</p> <p><u>Condition:</u></p> <p>During testing, we noted that the Agency did not have documentation to confirm that contractor's wages were in compliance with the Davis Bacon Act or U.S. HUD determined wage rates at twenty six (26) Agency locations funded by the Federal Emergency Management Assistance.</p> <p><u>Questioned Costs:</u></p> <p>None</p> <p><u>Perspective:</u></p> <p>The Department of Labor (40 USC 276a to 276a-7) of the United States and U.S. HUD guidelines are not consistently followed.</p> <p><u>Effect:</u></p> <p>The Agency could be in non-compliance with the Department of Labor (40 USC 726a to 276a-7) and U.S. HUD guidelines which could eventually lead to questioned costs.</p> <p><u>Recommendation:</u></p> <p>The Agency should ensure that each construction contractor's file contains documentation of compliance with the Davis Bacon Act or U.S. HUD's wage guidelines.</p>

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Item 98-11 U. S. Department of Housing and Urban Development:	CFDA# 14.859	<u>Management's Response:</u>
Per Watson Rice LLP Single Audit Report, Item C-2		<p>The work performed at 26 different MDHA locations was funded by FEMA Agency (Federal Emergency Management Assistance). As such, Davis Bacon Act wage rates should have applied, however, special provisions were made to the Agency by FEMA and the County's Department of General Services Administration ("GSA") since the vendor, Exeter Architectural Products ("Exeter"), was a sole source provider. Exeter was the only vendor found to have the type of hurricane shutters for installation at the 26 properties.</p> <p>Each work proposal from the vendor was pre-approved by FEMA and GSA before the jobs were started. The wages paid were locked into Exeter's contract, with no indication from FEMA or GSA about non-compliance with Davis Bacon Act. As done with other contracts handled directly by this agency, the Agency will be more cognizant on compliance with the Davis Bacon Act going forward.</p>

MIAMI-DADE COUNTY, FLORIDA
AVIATION DEPARTMENT
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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-12 Federal Aviation Administration:	CFDA #20.106 3-12-0047-13 3-12-0049-30	<u>Criteria:</u>
Per Ernst & Young LLP Single Audit Report, Item 98-1	3-12-0049-32 3-12-0049-33 3-12-0049-34 3-12-0050-04	In accordance with 49 United States Code (U.S.C.), section 47107, recipients of Federal Aviation Administration ("FAA") grant funds are required to use airport-generated revenues for airport operating and capital costs. The FAA Authorization Act of 1994 (the Act) added new policies for the enforcement against prohibited diversion of revenue. Section 112 (a)(2) of the Act prohibits the diversion of airport revenue for several expenditures including use of airport revenues for general economic development, marketing and promotional activities unrelated to airports or airport systems.
		<u>Condition:</u>
		We selected a sample of promotional expenditures for fiscal years 1997 and 1998 and determined that three expenditures did not appear to meet the criteria for the general economic development, marketing and promotional activities related to airports or airport systems.
		<u>Questioned Costs:</u>
		\$122,500
		<u>Perspective:</u>
		The sample of promotional expenditures tested for fiscal years 1997 and 1998 totaled \$1,262,127, or 72% of total promotional expenditures of \$1,744,654 for fiscal years 1997 and 1998.
		<u>Effect:</u>
		Three promotional expenditures paid by the Aviation Department for fiscal years 1997 and 1998 may be unallowable based on our review of the supporting documentation provided by the Aviation Department.

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Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response
Item 98-12 Federal Aviation Administration:	CFDA #20.106 3-12-0047-13 3-12-0049-30	<u>Recommendation:</u>
Per Ernst & Young LLP Single Audit Report, Item 98-1	3-12-0049-32 3-12-0049-33 3-12-0049-34 3-12-0050-04	The Aviation Department should continue to enforce its policies and procedures to ensure that it meets FAA guidelines requiring all promotional expenditures be incurred for the general economic development, marketing and promotional activities related to Miami International Airport. This would include ensuring that each promotional expenditure incurred has appropriate supporting documentation.
		<u>Management's Response:</u>
		The Aviation department will continue to enforce and adhere to all requirements under the Federal Aviation Administration (FAA) Authorization Act pertaining to use of airport revenues. The three promotional expenditures cited herein were paid by the Aviation Department as part of its marketing and promotional activities. Management believes that its promotional strategy falls within the guidelines of the FAA.